

HOUSE BILL NO. 12

INTRODUCED BY F. WILMER

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS RELATING TO RETIRED PUBLIC EMPLOYEES RETURNING TO WORK FOR PUBLIC EMPLOYERS; REQUIRING EMPLOYER CONTRIBUTIONS FOR WORKING RETIREES UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, AND THE SHERIFFS' RETIREMENT SYSTEM, ~~REQUIRING EMPLOYER AND STATE CONTRIBUTIONS FOR WORKING RETIREES UNDER~~ AND THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM; AMENDING SECTIONS 19-3-316, ~~19-3-4406~~, 19-3-319, 19-7-404, 19-7-1101, 19-13-301, ~~19-13-604~~, AND 19-13-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

Section 1. Section 19-3-316, MCA, is amended to read:

"19-3-316. Employer contribution rates. (1) Each employer shall contribute to the system. Except as provided in subsection (2), the employer shall pay as employer contributions 6.9% of the compensation paid to all of the employer's employees ~~plus any additional contribution under subsection (3), except for those employees properly excluded from membership who are active members of the retirement system.~~ Of employer contributions made under this subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112. Employer contributions for members under the defined contribution plan must be allocated as provided in 19-3-2117.

(2) Local government and school district employer contributions must be the total employer contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.

(3) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to ~~the following percentage~~ 0.27% of the compensation paid to all of the employer's employees; ~~except for those employees properly excluded from membership:~~

~~— (a) beginning July 1, 2007, 0.135%; and~~

~~_____ (b) beginning July 1, 2009, 0.27% who are active members of the retirement system.~~

(4) (a) The board shall periodically review the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.

(b) The employer contribution required under subsection (3) terminates on July 1 immediately following the system's actuarial valuation if:

(i) the actuarial valuation determines that the period required to amortize the system's unfunded liabilities, including adjustments made for any benefit enhancements enacted by the legislature after the valuation, is less than 25 years; and

(ii) terminating the additional employer contribution would not cause the amortization period as of the most recent actuarial valuation to exceed 25 years."

Section 2. Section 19-3-319, MCA, is amended to read:

"19-3-319. State contributions for local government and school district employers. (1) The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1% of the compensation paid to all employees of local government entities and school districts ~~on and after July 1, 1997, except those employees properly excluded from membership~~ who are active members of the retirement system.

(2) (a) Subject to subsection (2)(b), in addition to the contribution required under subsection (1), the state shall contribute monthly from the general fund to the pension trust fund a sum equal to ~~the following percentage~~ 0.27% of the compensation paid to all employees of school districts ~~on and after July 1, 2007, except for those employees properly excluded from membership.~~

~~_____ (i) beginning July 1, 2007, 0.135%; and~~

~~_____ (ii) beginning July 1, 2009, 0.27% who are active members of the retirement system.~~

(b) The additional contribution under subsection (2)(a) terminates when the additional contribution under 19-3-316(3) terminates.

(3) The board shall certify amounts due under this section on a monthly basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week. The payments in this section are statutorily appropriated as provided in 17-7-502."

NEW SECTION. **Section 3. Contributions required for retirees who return to work.** (1) Beginning

July 1, 2009, each state employer shall contribute the amount specified in 19-3-316 for retired members who return to work in a covered position but who, under the provisions of 19-3-1106, have not become active members.

(2) Beginning July 1, 2013, contracting local governments and school districts shall contribute the amounts specified in 19-3-316 for retired members who return to work in a covered position but who, under the provisions of 19-3-1106, have not become active members.

(3) Beginning July 1, 2009, the state shall contribute the amounts specified in 19-3-319 for local government and school district employees who are retired members and have returned to work in a covered position but who, under the provisions of 19-3-1106, have not become active members.

Section 4. Section 19-7-404, MCA, is amended to read:

"19-7-404. Employer contributions. (1) Each employer shall pay 9.535% of the compensation paid to all of the employer's employees ~~plus any additional contribution under subsection (3), except for those employees properly excluded from membership~~ who are active members of the retirement system.

(2) If the required contribution to the retirement system exceeds the funds available to a county from general revenue sources, a county may, subject to 15-10-420, budget, levy, and collect annually a tax on the taxable value of all taxable property within the county that is sufficient to raise the amount of revenue needed to meet the county's obligation.

(3) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to ~~the following percentage~~ 0.58% of the compensation paid to all of the employer's employees; ~~except for those employees properly excluded from membership:~~

~~—— (a) beginning July 1, 2007, 0.29%; and~~

~~—— (b) beginning July 1, 2009, 0.58% who are active members of the retirement system.~~

(4) (a) The board shall periodically review the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.

(b) The employer contribution required under subsection (3) terminates on July 1 immediately following the system's actuarial valuation if:

(i) the actuarial valuation determines that the period required to amortize the system's unfunded liabilities, including adjustments made for any benefit enhancements enacted by the legislature after the valuation,

1 is less than 25 years; and

2 (ii) terminating the additional employer contribution would not cause the amortization period as of the
3 most recent actuarial valuation to exceed 25 years."

4
5 **Section 5.** Section 19-7-1101, MCA, is amended to read:

6 **"19-7-1101. Reemployment of retired member -- employer contributions required.** (1) A retired
7 member who returns to service for 480 hours or more in a calendar year must become an active member of the
8 system. Upon reinstatement as an active member, benefit payments must cease until subsequent retirement.

9 (2) A retired member who returns to service for less than 480 hours in a calendar year may not become
10 an active member. The retirement benefit of a retired member employed in service must be reduced by \$1 for
11 each \$3 earned in excess of \$5,000 in a calendar year.

12 (3) The employer of a retired member who is returning to work pursuant to subsection (2) and who is
13 not an active member shall contribute the amounts specified in 19-7-404."

14
15 **Section 6.** Section 19-13-301, MCA, is amended to read:

16 **"19-13-301. Active membership -- inactive vested member -- inactive nonvested member.** (1)
17 Except as provided in subsection (7), a full-paid firefighter becomes an active member of the retirement system:

18 (a) on the first day of the firefighter's service with an employer;

19 (b) on July 1, 1981, if the firefighter is employed by an employer on that date; or

20 (c) in the case of an employer who elects to join the retirement system, as provided in 19-13-211, on the
21 effective date of the election if the firefighter is employed by the employer on that date.

22 (2) Upon becoming eligible for membership, the firefighter shall complete the forms and furnish any proof
23 required by the board.

24 (3) A part-paid firefighter may elect to become a member of the retirement system by filing a membership
25 application with the board within 6 months of becoming a part-paid firefighter.

26 (4) An active member becomes an inactive member upon the occurrence of the earliest of the following:

27 (a) the date on which the member ceases service with an employer;

28 (b) the 31st day of an approved absence from active duty with an employer; or

29 (c) the date on which the member ceases to be employed because of a reduction of the number of
30 firefighters in the fire department as provided in 7-33-4125.

(5) (a) An inactive member with at least 5 years of membership service is an inactive vested member and retains the right to purchase service credit and to receive a retirement benefit under the provisions of this chapter.

(b) If an inactive vested member chooses to take a lump-sum payment rather than a retirement benefit, the lump-sum payment consists of only the member's accumulated contributions and not the employer's contributions.

(6) (a) An inactive member with less than 5 years of membership service is an inactive nonvested member and is not eligible for any benefits from the retirement system.

(b) An inactive nonvested member is eligible only for a refund of the member's accumulated contributions.

(7) (a) A firefighter previously employed in a position covered under the public employees' retirement system and who is first hired into a position covered under the firefighters' unified retirement system after attaining 45 years of age may elect to remain in the public employees' retirement system.

(b) A firefighter making an election to remain in the public employees' retirement system shall make the election in a manner prescribed by the board within 30 days of being hired into the position otherwise covered under the firefighters' unified retirement system.

~~(8) A retired member who is receiving a service retirement benefit or early retirement benefit may return to employment covered by the retirement system for a period not to exceed 480 hours in any calendar year without returning to active service and without any effect to the retiree's retirement benefit."~~

Section 7. Section 19-13-605, MCA, is amended to read:

"19-13-605. Employer contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official from money available for this purpose. The employer shall pay as employer contributions 14.36% of the compensation paid to all of the employer's employees, ~~except those properly excluded from membership~~ who are active members of the retirement system. All contributions are payable monthly to the board, which shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

NEW SECTION. Section 8. Reemployment of retired member -- contributions required. (1) A retired member may, without returning to active service, return to work in a covered position for a period not to exceed

1 480 hours in any calendar year without affecting the retiree's retirement benefit.

2 (2) If a retired member returns to work in a covered position for more than 480 hours in a calendar year,
3 the member returns to active service and the member's retirement benefits must cease until the member again
4 terminates employment and retires.

5 (3) For each retired member who returns to work pursuant to subsection (1), the employer shall
6 contribute the amount specified in 19-13-605 and the state shall contribute the amount specified in 19-13-604.

7
8 **NEW SECTION. Section 9. Codification instruction.** (1) [Section 3] is intended to be codified as an
9 integral part of Title 19, chapter 3, part 11, and the provisions of Title 19, chapter 3, part 11, apply to [section 3].

10 (2) [Section 8] is intended to be codified as an integral part of Title 19, chapter 13, and the provisions
11 of Title 19, chapter 13, apply to [section 8].

12
13 **NEW SECTION. Section 10. Effective date.** [This act] is effective July 1, 2009.

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